



**Bluecurrent**

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7 February 2025

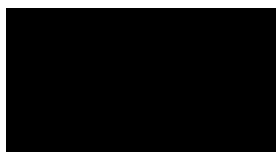
Gas Industry Co  
Level 10, Brandon House  
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By email: [consultations@gasindustry.co.nz](mailto:consultations@gasindustry.co.nz)

## Submission on Gas Industry Co's FY26 Work Programme and Levy

1. Bluecurrent welcomes the Gas Industry Company's (Gas Industry Co) consultation on its proposed *FY2026 Work Programme and Levy*. We appreciate Gas Industry Co's engagement with stakeholders on its proposed initiatives through the Co-Regulatory Forum held online on 28 November 2024.
2. As a metering service provider, Bluecurrent is highly cognisant of the important role that advanced gas meters play in ensuring an orderly transition of the gas sector. Data generated by advanced gas meters improves market efficiency and transparency, providing end consumers greater control over their energy costs and helping ensure energy affordability. It also helps facilitate the emergence of markets for renewable gases, enabling investors, market participants, and consumers to make better informed decisions as they navigate the energy transition. As such, advanced gas metering is an important component of any gas transition strategy or plan.
3. Bluecurrent broadly supports the proposed actions in Gas Industry Co's Work Programme for FY2025-2026 ("FY26"). We particularly support market-led activities where advanced gas metering can help Gas Industry Co deliver its strategic objectives. These include the introduction of changes to gas governance arrangements, including the proposed updates to the *Gas Downstream Reconciliation Rules* that would facilitate the introduction of advanced gas metering infrastructure and other improvements to gas market processes. We therefore encourage Gas Industry Co to accord high priority to these proposed actions so they can proceed to implementation stage.
4. We set out our responses to the consultation questions using the submission form provided for this consultation (attached).
5. We would be happy to further discuss this submission, or share our progress and experience in deploying advanced gas meters in New Zealand, with Gas Industry Co. Please contact Luz Rose (Senior Regulatory and Policy Partner) at [Luz.Rose@bluecurrent.co.nz](mailto:Luz.Rose@bluecurrent.co.nz).
6. We also look forward to the timely publication of Gas Industry Co's briefing and related documents for the new Energy Minister, Hon Simon Watts.
7. No part of this submission is confidential, and we are happy for Gas Industry Co to publish it in its entirety.

Yours sincerely



**Neil Williams**  
Chief Executive



## Responses to Consultation Questions

### Gas Industry Co FY2026 Work Programme and Levy

Submission prepared by: **Bluecurrent**

Question	Bluecurrent's comments
1. Do submitters agree with Gas Industry Co's assessment of the strategic context?	<p>Bluecurrent broadly agrees with Gas Industry Co's assessment of the strategic context for its proposed <i>Work Programme and Levy for FY26</i>.</p> <p>Gas continues to play a critical role in ensuring an orderly transition to a highly renewable energy future by supporting electricity generation. While the role of gas in the economy is changing – and gas itself is changing – gas remains a fuel of choice for many businesses and residential consumers.</p> <p>We agree that “security of supply has come into focus with more urgency”, highlighting the need for ongoing investment in the gas sector. In our view, the right regulatory and market settings that facilitate an “orderly” transition of the gas sector are those that:</p> <ul style="list-style-type: none"><li>• reduce risks that can chill investment and innovation in the sector;</li><li>• avoid the stranding of long-lived assets, including advanced gas metering infrastructure;</li><li>• instil market confidence through regulatory predictability and consistency over time, and efficiency in market processes (which advanced gas meters enable);</li><li>• avoid unintended consequences such as the unfair/inefficient allocation of costs; and</li><li>• importantly, avoid harm to end consumers, i.e. ensure energy affordability during the energy transition.</li></ul>
2. Do submitters have any comments on the process for developing Gas Industry Co's FY2026 Work Programme and Levy?	<p>Bluecurrent generally agrees with the process for developing Gas Industry Co's <i>FY26 Work Programme and Levy</i>, which is a well-established process. We support the principles that guide this process, including economic efficiency, beneficiary pays, rationality, simplicity, equity, and revenue sufficiency.</p> <p>In the context of the gas sector transition, we suggest that the above levy setting principles also include the ability to enable an orderly gas sector transition, and that any levy methodology changes will not drive increases in end consumers' gas bills.</p>

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<p>3. Do you consider there to be any other items that should be included in Gas Industry Co's intended Work Programme for FY2026? If so, please describe the work required and how that work achieves the outcomes sought under the Gas Act and GPS.</p>	<p><b><i>Advanced gas metering</i></b></p> <p>Bluecurrent encourages Gas Industry Co to give high priority to the completion of long-running, multi-year workstreams so these can proceed to implementation stage, enabling the delivery of consumer benefits in a timely manner. We are particularly keen to see the speedy introduction of the proposed updates to the <i>Gas Downstream Reconciliation Rules</i> which will facilitate the rollout of advanced gas metering infrastructure and related improvements to gas market processes (e.g. D+1), supported by the necessary system changes and non-regulatory work. This will increase market efficiency and transparency that will benefit gas market participants and consumers and help provide a robust foundation for an orderly transition of the gas sector.</p> <p><b><i>Gas distribution network services agreements</i></b></p> <p>We look forward to the publication of the assessment of Firstgas's new standard gas use-of-system agreement, commissioned by Gas Industry Co.</p> <p>We reiterate the suggestion we made in our submission on the FY25 levy that to provide a more complete picture, Gas Industry Co could also examine how many of the draft distribution network service agreements it reviewed in 2014 have (actually) been completed, signed, and executed. We expect updated network agreements to generate expectations for updated Gas Metering Service agreements.</p> <p><b><i>emsTradepoint</i></b></p> <p>We support the continued operation of emsTradepoint in the gas market, regardless of ownership. While this trading platform only covers a very small volume of gas, it nevertheless provides an additional source of information to the market on the availability of gas and the value that customers are willing to pay for it at any time. It could also provide a platform for trading renewable gases that will enter the market in the coming years.</p> <p><b><i>Electricity Authority's work on thermal fuel information</i></b></p> <p>Gas supports electricity generation, when required, particularly during dry winters – enabling an orderly energy transition.</p> <p>We note the significant improvements made by Gas Industry Co and the relevant industry participants in the disclosure of planned and unplanned gas facilities outage information. We encourage Gas Industry Co to coordinate closely with the Electricity Authority on its</p>

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	<p>ongoing work on improving access to thermal fuel information. This would ensure that duplication of work and gaps are avoided, and thermal fuel information is delivered to the market without unduly increasing the regulatory burden.</p> <p><b><i>Learnings from GTAC</i></b></p> <p>Gas Industry Co could consider revisiting provisions/arrangements in the shelved Gas Transmission Access Code (GTAC) that could be appropriately adopted for the regulatory framework of the transitioning gas sector. These include provisions designed to improve market processes, e.g. defining more efficient gas balancing zones.</p> <p><b><i>Renewable gases</i></b></p> <p>We welcome any timely updates from Gas Industry Co and/or the relevant industry participants on the recent injection of biogas (e.g. Reporoa biogas project) and hydrogen (e.g. hydrogen blending pilot in Te Horo) into New Zealand's gas pipeline system.</p> <p>We also welcome announcements on any upcoming/new renewable gas trials.</p> <p>As indicated in our submission (dated 2 November 2023) on the Ministry of Business, Innovation and Employment's consultation on gas transition issues:</p> <p><i>The blending of renewable gas with piped natural gas may pose a risk associated with ultrasonic meters<sup>1</sup> due to variations in gas composition. It could have an impact on the accuracy of meters, e.g. meters could become inaccurate as they are 'tuned' for New Zealand natural gas composition.</i></p> <p><i>The hydrogen blending limit is also constrained by the Wobbe index moving outside its acceptable range. The index needs to be within range; otherwise, there is a risk of adverse impact on appliances, resulting in health and safety risk, e.g. combustion.</i></p> <p><i>To our knowledge, currently used ultrasonic meters can accommodate a blend of up to 23% hydrogen. Anything above this level would require the installation of new ultrasonic meters at significant cost, which can have implications for the lives of these long-lived assets and future investment.</i></p>

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<sup>1</sup> Ultrasonic meters measure the flow rate of gases without the need for moving parts or contact with the gas.



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	<p><i>The potential adverse impact of injecting hydrogen into the gas pipeline system, where certain thresholds are breached, could have implications for the accuracy of gas market transactions. The setting of new thresholds, including changes to the Gas Specification, are likely to have implications for compliance with gas regulations and rules, including the Gas Safety and Measurement Regulations 2010. More broadly, this could require changes to gas governance arrangements, pipeline codes, and other relevant regulatory and industry and market arrangements.</i></p> <p><i>Furthermore, we understand that introducing hydrogen to the market could have implications for the use of meters across different types of gases, such as LPG.</i></p> <p>We also welcome timely updates on renewable gas market and technological developments that would help gas industry participants and consumers better navigate the energy transition.</p>
<p>4. Do you consider there to be any items that should be excluded from Gas Industry Co's intended Work Programme for FY2026? Please provide reasons for your response.</p>	<p>Bluecurrent does not see the need to exclude any items in Gas Industry Co's intended Work Programme for FY26.</p> <p>As indicated in our response to Q3, we encourage Gas Industry Co to give high priority to the completion of long-running workstreams so their benefits to consumers can be delivered in a timely manner. We are particularly keen to see the speedy introduction of changes to gas governance arrangements, including the proposed updates to the <i>Gas Downstream Reconciliation Rules</i> (and associated system changes) that will facilitate the rollout of advanced gas meters, and improvements to the <i>Gas Critical Contingency Management Regulations</i>. These changes will increase market efficiency and transparency that will benefit the industry and consumers and help provide a robust foundation for an orderly gas sector transition.</p>
<p>5. Gas Industry Co is particularly interested in industry comment on forecast gas volumes – do stakeholders consider the 110 PJ projection reasonable? If not, what would they consider an appropriate gas volume estimate to be? <b>NOTE – any submissions provided in response to this question will be treated as confidential and will not be published.</b></p>	<p>[No comment.]</p>
<p>6. Do you have any comment on the proposed levy rates for FY2026?</p>	<p>Bluecurrent notes Gas Industry Co's flat levy profile over the past years and its increasingly heavier workload to ensure an orderly gas sector transition. We therefore consider the proposed levy rates for FY26 to be reasonable.</p>

Question	Bluecurrent's comments
	<p>We look forward to Gas Industry Co's proposed stakeholder consultation regarding the potential role of LPG and LNG suppliers/users, and other relevant gas industry participants, in relation to the collection of gas wholesale and retail levies.</p>